

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 05422 01 OF 02 172344Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 NSC-05
SS-15 /056 W
-----082077 180008Z /70
R 172327Z FEB 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 6551

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 05422

E. O. 11652:N/A
TAGS: EAIR, FR
SUBJECT: CIVAIR - MINIMUM PRICES FOR CHARTER FLIGHTS

REF: STATE 040731

SUMMARY: DGAC HOLDS STRONGLY TO THE VIEW THAT
MINIMUM CHARTER PRICES MUST BE MAINTAINED AND THAT MOST
PROPOSED FLIGHTS ARE MEETING THEM WITHOUT ANY PROBLEM.
WORLD/JACKSON (ALONG WITH TWO OTHER US PROGRAMS)
APPEAR TO BE THE ONLY EXCEPTION, ACCORDING TO FRENCH
OFFICIALS. WE ARE NOT CONVEINCED DGAC WILL BE WILLING
TO FORMALLY MAKE AN EXCEPTION FOR WORLD, BUT IT IS
POSSIBLE WORLD AND JACKSON WILL COME TO SOME OTHER
ARRANGEMENT WHICH WILL SATISFY DGAC. LATTER ALSO
DENIES IT IS FORMALLY TIGHTENING UP POLICY ON CHARTERS,
BUT THE PRACTICAL RESULT OF TIS APPROACH -- IN PERIOD
OF UNCERTAINTY REGARDING SCHEDULED CARRIER AIR FARES--
MAY BE JUST THAT. WE WONDER WHETHER CAB MONITORING OF
CHARTER FILINGS AND OF FLIGHTS OPERATED BY US
CARRIERS (ESPECIALLY THE SUPPLEMENTALS) SHOW
NON-PERFORMANCE DUE TO PROBLEM OF THIS TYPE.
END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 05422 01 OF 02 172344Z

1. ESPEROU (DGAC) AND CIVIL AIR ATTACHE REVIEWED
WORLD/JACKSON PROBLEM FEBRUARY 17. WE MADE POINTS
PARA 3 REFTEL. ESPEROU PROVIDED NO INDICATION OF
WILLINGNESS TO REVERSE FRENCH MINIMUM PRICE POLICY AND
DID NOT SEEM PARTICULARLY CONCERNED IF THESE
PARTICULAR FLIGHTS WERE NOT OPERATED OR WERE DIVERTED
TO OTHER DESTINATIONS. HOWEVER, WE GOT THE IMPRESSION

THAT WITHIN THE FRAMEWORK OF DGAC'S POLICY, THERE STILL MIGHT BE ROOM FOR SOME INTERPLAY BETWEEN THE CARRIER, THE TOUR ORGANIZER AND THE DGAC WHICH WOULD ENABLE THIS PARTICULAR PROGRAM TO TAKE PLACE. THE JACKSON PROGRAM HAS NOT BEEN FORMALLY DISAPPROVED. RATHER WORLD HAS SIMPLY BEEN TOLD IT MUST MEET THE MINIMUM PRICE REQUIREMENTS.

2. IN COURSE OF THE CONVERSATION ESPEROU MADE THE FOLLOWING POINTS:

A) FRANCE DOES NOT ACCEPT THE PRINCIPLE THAT COUNTRY OF ORIGIN RULES SHOULD GOVERN AND HAS A STRONG FEAR THAT CHARTER WILL "RUIN" SCHEDULED SERVICE, WHICH HAS PUBLIC SERVICE OBLIGATIONS, UNLESS PROTECTION THROUGH MINIMUM PRIVE ARRANGEMENTS IS PROVIDED.

B) THESE MINIMUM PRICES HAVE BEEN DEVELOPED WITHIN ECAC ON A PER MILE BASIS AND RELATE TO AIRCRAFT ECONOMIES SOMEWHERE BETWEEN THE 707 AND 747 SIZE PLANES. THE MINIMUM PRICE BETWEEN EACH PAIR OF POINTS IS LOWER THAN THE LOWEST SCHEDULED CARRIER PRICE APPLICABLE.

C) IN THE PAST THE DGAC ALLOWED SOME FLEXIBILITY (10 PERCENT) IN APPLYING MINIMUM PRICES WHICH WERE OFTEN ANNOUNCED RATHER LATE. HOWEVER, THE CHARTER LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 05422 01 OF 02 172344Z

CARRIERS WERE CONSTANTLY COMPLAINING ABOUT THE LATENESS. SO FOR 1978 THE DGAC TOOK THE UNPRECEDENTED STEP OF ANNOUNCING FIRM MINIMUM PRICES IN SEPTEMBER 1977. ALL THE CARRIERS WERE MADE AWARE OF THESE

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 05422 02 OF 02 180001Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 NSC-05

SS-15 /056 W

-----082222 180011Z /70

R 172327Z FEB 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6552

LIMITED OFFICIAL USE SECTION 02 OF 02 PARIS 05422

REQUIREMENTS AND THE OVERWHELMING MAJORITY OF THE FILINGS -- ESPECIALLY BY U.S. CARRIERS--SHOW ADHERENCE TO THEM.

D.)THE WORLD/JACKSON CASE IS AN EXCEPTION. TWO OTHER EXCEPTIONS APPEAR TO EXIST WITH FILINGS FROM BOTH TIA AND CAPITOL AIRWAYS FOR SERIES THAT EACH IS PLANNING WITH GLOBUS TOURS. CAPITOL HAS TOLD DGAC IT IS ATTEMPTING TO RENEGOTIATE WITH GLOBUS, BUT THE DGAC HAS HAD NO WORD YET FROM TIA.

E.) AS A MATTER OF POLICY THE DGAC IS NOT WILLING TO DISCRIMINATE AMONG CARRIERS BY APPROVING EXCEPTIONS. HOWEVER, IT IS NOT YET AT THE POINT OF MAKING A FIRM DECISION ON THE WORLD CASE, ALTHOUGH NO REAL SOLUTION APPEARS IN SIGHT SHORT OF WORLD AND JACKSON ADJUSTING THE SELLING PRICE UPWARD. THE FACT THAT JACKSON FEELS IT CAN NOT DO THIS AND AT THE SAME TIME MARKET THE FLIGHTS TO THE PUBLIC IS NOT SUFFICIENTLY COMPELLING IN VIEW OF THE FACT THAT OTHER US CARRIER/TOUR ORGANIZER PROGRAMS ARE APPARENTLY BEING SO MARKETED. (AT THIS POINT ESPEROUS' ASSISTANT (SOUCI -- WHO DEALS WITH FILINGS) INTERJECTED THAT THE PROBLEM ONLY EXISTS WITH HIGH SEASON ABC FLIGHTS, AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 05422 02 OF 02 180001Z

THE ORGANIZER (JACKSON) COULD COVERT THESE TO ITC'S AT A HIGHER PRICE WHICH WOULD PROBABLY MEET THE REQUIREMENTS. WE INDICATED THIS DID NOT APPEAR TO BE A PROMISING SOLUTION AS ITC ARRANGEMENTS WOULD PROBABLY BE POSSIBLE AT ONLY A LIMITED NUMBER OF POINTS AND ABC TRAVELLERS REQUIRE GREATER FLEXIBILITY. ESPEROU, HOWEVER, APPEARED TO AGREE THAT THIS WAS A POSSIBLE BASIS FOR A SOLUTION.)

3. SPEAKING IN MORE GENERAL TERMS, ESPEROU DENIED THAT FRANCE HAD SPECIFICALLY ADOPTED A MORE RESTRICTIVE POLICY THAN IT HAS APPLIED IN THE PAST. HOWEVER, IT IS SOMEWHAT MORE DETERMINED TO ADHERE TO ITS STATED POLICY IN VIEW OF THE AIR FARES SITUATION. HE CAN NOT PREDICT WHAT IS GOING TO HAPPEN IN THE AIR

FARES AREA, BUT UNTIL THE SITUATION IS MUCH CLEARER
HE SAID THE DGAC WILL STICK CLOSELY TO ITS MINIMUM
PRICE APPROACH WHICH, HE CONTINUED TO MAINTAIN, IS NOT
CAUSING A GENERAL CHARTER PROBLEM FOR U.S. CARRIERS.

4. COMMENT: WE ARE NOT SURE HOW THE WORLD/JACKSON
SITUATION IS GOING TO WORK OUT, BUT CERTAINLY OUR
DEMARCH WILL HAVE SOME IMPACT AS THE DGAC NOW KNOWS
HOW CLOSELY THE USG IS FOLLOWING FRENCH POLICY IN THIS
PRICING AREA. WE WOULD SUGGEST THAT THE DEPARTMENT
KEEP US INFORMED AS TO THE CONTINUING NEGOTIATIONS
IN THE U. S. BETWEEN WORLD AND JACKSON AND ALSO THAT
IT LOOK INTO THE CAPITOL/TIA RELATIONS WITH GLOBUS
WITH A VIEW TO OUR INITIATING A FURTHER DISCUSSION
WITH ESPEROU IF APPROPRIATE. WE ALSO THINK IT WOULD
BE USEFUL TO CONFIRM WHETHER OR NOT MOST US CARRIERS
ARE HAVING NO PROBLEMS WITH THE MINIMUM PRICES. IT
MAY WELL BE THAT TOUR ORGANIZERS HAVE AGREED TO THEM,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 05422 02 OF 02 180001Z

BUT WILL LATER FIND THEY CAN NOT MARKET THE FLIGHTS.
THE SYSTEMATIC COLLECTION OF STATISTICS REGARDING
NUMBERS OF FLIGHTS NOT OPERATED BECAUSE OF INABILITY
TO SELL TO THE PUBLIC AT THESE PRICES WOULD BE USEFUL;
IF NOT ALREADY BEING DONE.

5. AS PART OF OUR REGULAR PROGRAM OF GETTING
ACQUAINTED WITH US CARRIER REPS IN PARIS, ATTACHE
ON FEBRUARY 16 CALLED ON WORLD DIRECTOR FOR FRANCE
(GIORANNI) WHO PROVIDED ADDITIONAL BACKGROUND ON
JACKSON PROBLEM, INCLUDING SPECIFICALLY THE
DIFFERENCE (8 PERCENT) BETWEEN THE JACKSON (DALLAS-
PARIS) PRICE AND DGAC MINIMUM. HE CLAIMED JACKSON
WAS EVEN HAVING DIFFICULTY MARKETING THE FLIGHTS
AT THE SELLING PRICE AGREED WITH WORLD. GIORGANNI
ALSO GAVE US COPY OF DGAC CIRCULAR 77/T OF 23
SEPTEMBER 1977 ESTABLISHING THE MINIMUM PRICES
TOGETHER WITH AN INFORMAL ENGLISH TRANSLATION THEREOF.
WE ARE FORWARDING COPIES TO EB/OA - MAGNER.
MYERSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, PRICES, AIR FARES, SUPPLEMENTAL AIRLINES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 feb 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PARIS05422
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780074-1130
Format: TEL
From: PARIS
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780241/aaaabihi.tel
Line Count: 214
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 98eaa2d4-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: 78 STATE 40731
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3560241
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - MINIMUM PRICES FOR CHARTER FLIGHTS
TAGS: EAIR, FR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/98eaa2d4-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014